R37

# Principal Group Ltd.

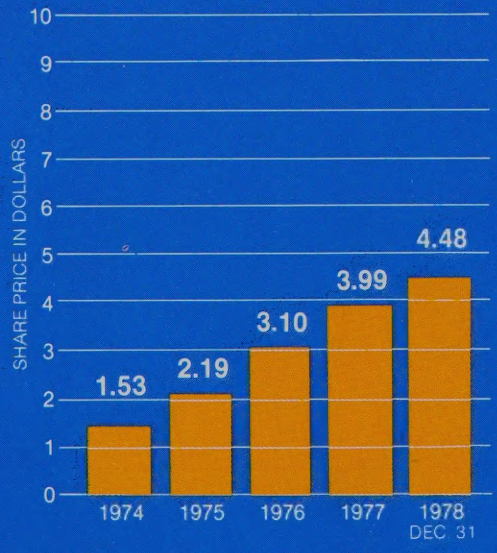
# Annual Report 1978

# Financial Highlights

| | THOUSANDS | | | | |
|---|---|---|---|---|---|
| | **1978** | 1977 | 1976 | 1975 | 1974 |
| Total Assets Under Administration | **$207,404** | $150,497 | $137,055 | $121,820 | $112,927 |
| Managed Assets | **56,248** | 39,025 | 32,361 | 29,650 | 23,917 |
| Consolidated Assets | **151,156** | 111,472 | 104,694 | 92,170 | 89,010 |
| Consolidated Income (Revenues) | **14,656** | 10,559 | 8,715 | 7,680 | 6,627 |
| Net Income | **4,150** | 493 | 2,449 | 794 | 524 |
| Shareholder's Equity | **9,314** | 6,733 | 6,577 | 3,876 | 4,721 |

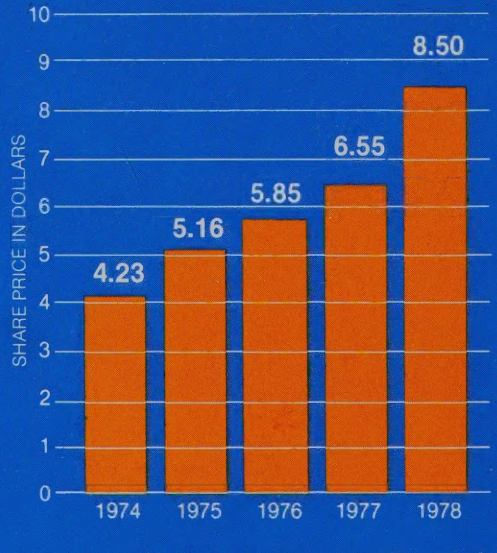
## INVESTMENT FUND RESULTS

### Principal Venture Fund




4 Year Compound Annual Growth Rate **30.4%**

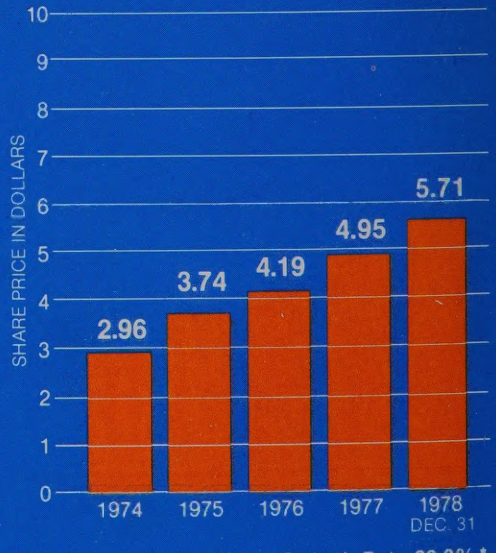
### Collective Mutual Fund




4 Year Compound Annual Growth Rate **19.0%***

* Year end November 30, 1978.

### Principal Growth Fund

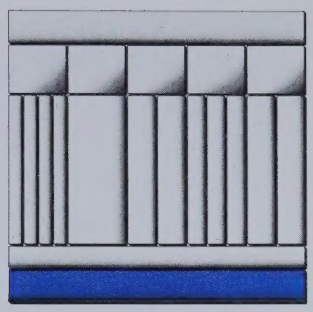



4 Year Compound Annual Growth Rate **23.3%***

* Includes re-investment of income and dividend distributions.

Principal reports record year
European strong currencies
Commodity prices stir economies

# President's Perspective



The events that moved the financial markets in 1978 were not unexpected. Through our ability to develop a corporate strategy that is based on sound economic research and analysis of financial trends, Principal Group was able to report a record year in an uncertain but exciting financial environment. The company's master plan is unfolding on schedule. We are even more confident about the future. Principal Group is prepared for a period of unprecedented prosperity. The year in review will give you an insight into our strategy.

## Financial Highlights

Our net income in 1978 was $4,150,000, an increase of 735% over $493,000.00 the previous year. Although this sum is high, it was slightly below our projections. It does, however, still leave us on target to achieve our 1979 objective of over ten million dollars in net income after taxes this year.

The consolidated assets increased to $151,156,000 and the cash flow increased to an amazing $140,925,000. Our securities portfolio, consisting largely of government and corporate bonds and cash equivalents such as bank deposit receipts, now totals 51% of our total assets. This is consistent with our plan to diversify away from a dependence on mortgages.

## Corporate Strategy

Principal Group believes in corporate planning based on solid economic and market research. We consider Principal the leading company in western Canada in analyzing economic trends. Our research indicates a substantial increase in the North American equity markets over the next four years. Not since 1921 have North American equity prices been so inexpensive relative to real estate prices. That year heralded the beginning of the greatest bull market in history. The Dow Jones Average then increased from 64 to over 385. Today there are a large number of bargains in the stock market. Our skill and expertise in selecting the right stocks that will reflect the best returns is now vital.

There are many reasons for our confidence. Record stock market volume indicates massive potential. Large trading days, as we witnessed in New York last spring, have preceded most major market rises.

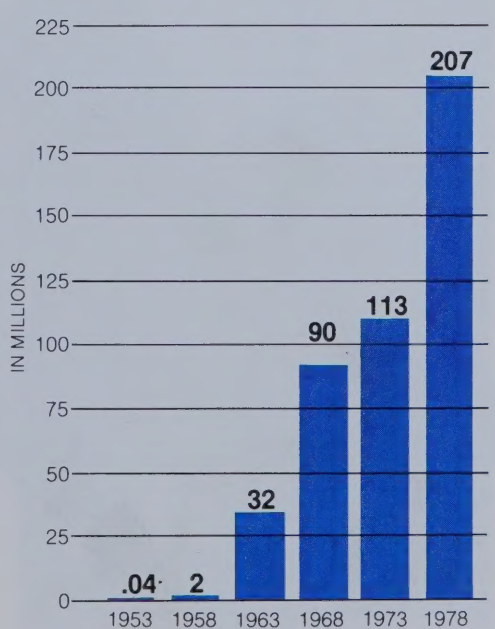
The devalued dollar has re-established Canada's competitive position in the world marketplace. Domestic production is on the rise and exports are booming. On the other hand, Europeans are feeling the pinch with their revalued currencies. A currency that rises rapidly can be just as disruptive to an economy as a currency that falls rapidly. Europeans are finding it more difficult to export their products and imports are becoming more attractive. The discounted Canadian and American dollars provide unique buying opportunities for foreign and domestic investors in carefully selected stocks and bonds.

The new conservative public attitude is a favorable sign for a prosperous economy. These trends should shift the economic emphasis from the public sector to productive enterprises in the private sector. Such an environment should provide for tremendous appreciation in North American equities.

The huge Canadian energy potential and international political instability should spur further investments in major resource developments. In preliminary reports there appears to be major energy sources in the Beaufort Sea in northern Canada. Recent world political instability in the Middle East threatens world oil supplies. This threat should spur both the Canadian and United States governments to endorse the completion of proposed northern energy projects. This should create a tremendous environment for North American equities.

It was within the framework of our research, based on 25 years of analysis into the cyclical nature of the economy and its effect on investment markets, that we were able to accomplish our record results in the last few years. Our current strategy is designed to increase Principal's assets under administration to $1 billion by 1982. We may well, however, achieve this objective by 1981.

**Assets Under Administration**



## Investment Management

The outstanding performance of our Investment department is indicative of the success of our corporate strategy. Our investment funds have been among the very best performers in North America. Over the past four years Principal Venture Fund has achieved an outstanding 30.4% compound annual growth rate. Principal Growth Fund's compound growth rate was 23.3% over the same period. Collective Mutual Fund has had a four-year compound growth rate of 19%.

A fourth fund, Principal Bond Fund, will be introduced early in 1979 to take advantage of the all-time high interest rates prevalent in the market. High interest rates and low bond prices provide unique buying opportunities that may not be seen again for many years. This is excellent timing for a bond fund.

## Principal Plaza

In June 1978, the company sold its last major real estate holding in downtown Edmonton to Campeau Corporation for a profit of $2,500,000. Simultaneously the company committed itself to becoming the lead tenant in a 31-storey, 482,000 square foot office-retail complex called Principal Plaza. In anticipation of the rapid expansion the company will undergo in the next four years, Principal Group will double its present head office space. Principal will also occupy the 6,800 square foot main banking hall on the ground floor as the flagship of our Principal Financial Centres. Equity partners in the project include the Hudson's Bay Company, Campeau Corporation and Edmonton Properties.

## Sales Expansion and Growth

Principal's ability to provide expert investment management has generated considerable acceptance for our products by the public. The result has been an all time record in total sales volume. In late 1977 we set our strategy to emphasize single payment investments instead of the company's traditional accumulation savings plans. We felt it was in our customers' best interests to lock in record high interest rates and to participate in the coming stock market rise. In 1978 our sales force sold $42.9 million in single payment investments, a 152% increase over 1977. Contributing to this dramatic increase was the introduction of new marketing and advertising programs that have significantly increased public awareness

of our financial products. Our customers' appreciation of our unique financial advice will pay dividends as they come back for additional future business.

### Principal Financial Centres

Another innovative and exciting marketing concept has been introduced that will allow Principal to expand its services to its customers — the Principal Financial Centre. The centres will provide to our customers all our financial products and services under one roof. In addition to the chequing and savings service of Principal Savings and Trust Company our customers will be able to obtain expert financial and tax planning advice from our financial consultants regarding the purchase of all our other financial services.

Early results indicate tremendous potential for the centres. Our objective is to open 20 centres over the next two years. In anticipation of this growth we have initiated a major recruiting and training program. We expect to increase our marketing force from 120 to 300 trained financial consultants by the end of 1979.

### Corporate Reorganization

No corporation can expect to grow without a sound organizational structure and a strong management team. The changes we made this year have established a solid administrative footing that Principal needs to achieve its growth objectives. The details of the reorganization are outlined in the Management Services section of this report.

### Systems Development

In mid-1978 Principal purchased a dual processor GEAC 8000 computer. The introduction of this sophisticated computer will ensure that we can continue to provide the most modern services for our customers. All our financial centres will be linked to the GEAC computer which will be located in Edmonton. We will be able to monitor all transactions on a minute-by-minute basis at all branches and locations.

It is our belief that success in today's complex and diversified market is dependent on the innovative use of technology. Principal Group is dedicated to maintaining its leadership role in capitalizing on technological breakthroughs.

### Outlook

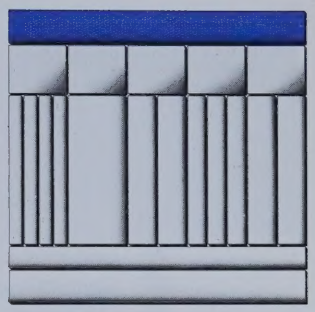
We are entering one of the most exciting financial environments of the century. Our strategy has been carefully constructed. We are poised to take full advantage of the prosperity we see ahead. The current economic environment continues to provide unique opportunities for our company, employees and customers. We have the ability to carefully control and manage our diverse operations. As we enter our 25th year of operations we expect 1979 to be the most outstanding year in our history — particularly in what we can do for our customers.

Donald M Cormie, QC
*President and Chairman of the Board*

PRINCIPAL
FINANCIAL CENTRE
Investment Funds and Investment Management Services
Trust Services
Financial Consulting and Tax Planning
Investment Certificates and Thrift Services
Insurance Services
COLLECTIVE MUTUAL FUND LTD.
PRINCIPAL GROWTH FUND
PRINCIPAL VENTURE FUND LTD.
PRINCIPAL SECURITIES MANAGEMENT LIMITED
PRINCIPAL SAVINGS AND TRUST COMPANY
PRINCIPAL CONSULTANTS LTD.
PRINCIPAL INVESTORS CORPORATION
FIRST INVESTORS CORPORATION LTD.
ASSOCIATED INVESTORS OF CANADA LTD.
PRINCIPAL CERTIFICATE SERIES, INC.
PRINCIPAL LIFE INSURANCE COMPANY OF CANADA
MERCER AND WILLIAMS AGENCY LTD.
Management Services
Deposits/Finance and Administration/Investments
PRINCIPAL
GROUP OF COMPANIES

# Principal Financial Centre

*The One-Stop Financial Centre*



In the fall of 1978 the Board of Directors approved a new dynamic marketing concept, the Principal Financial Centre. A Principal Financial Centre is not a company or a legal entity, but a location where the public can purchase all the services and products of Principal Group. The company will open 20 of these offices over the next two years and 50 within the next four years.

Both Principal Savings and Trust Company and Principal Consultants will operate in Principal Financial Centres. The Trust Company will offer chequing and savings accounts, utilizing the GEAC 8000 on-line teller service. The Consultants will offer all the other products of the Group in addition to providing customers with financial and tax planning services.

Principal Group has determined that the Principal Financial Centre will allow the company to capitalize on a niche in the financial market. There are very few firms that can provide the wide range of financial services that Principal supplies. Now the company will be able to provide such services to the public under one roof — a one-stop financial centre.

The GEAC 8000 will be able to produce an up-to-date record of a customer's complete portfolio of investments with Principal. Customers will be able to make additional purchases and withdrawals from their investment funds and other products across the counter.

Renovations in the Trust Company's Edmonton branch were begun in December. Each subsequent centre will have standard furnishings and decor to allow for openings within 45 days of a lease commitment. Leases for Principal Financial Centres in Saskatoon, Saskatchewan, and Burnaby, British Columbia, have already been signed. The company expects to open six additional centres by July 1, 1979, in St. John's, Newfoundland; Moose Jaw, Saskatchewan; Halifax, Nova Scotia; Regina, Saskatchewan; and two in Calgary, Alberta.

Principal Group believes that the Principal Financial Centres will be the leading edge in achieving the Company's objective of $1 billion by 1982.

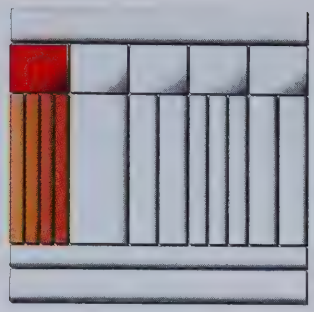
## Taxpayers revolt

**"The new conservative public attitude is a favorable sign for a prosperous economy."**

Public attitude is becoming more conservative. Taxpayers internationally are showing increasing impatience with uncontrolled government spending. These trends should shift the economic emphasis from the public sector to productive enterprises. This shift should provide increased incentives for economic expansion. A decrease in tax burdens should increase real disposable incomes and savings. Such an environment provides tremendous opportunities in well-chosen ownership of publicly held companies.

# Investment Funds and Investment Management Services

*Collective Mutual Fund Ltd.*
*Principal Growth Fund*
*Principal Venture Fund Ltd.*
*Principal Securities Management Limited*



With its 25 years of experience in financial markets, Principal Group has become a leader in economic analysis. The company has acquired particular expertise in analyzing economic cycles as they affect investment markets. Based on this analysis of economic trends, the company believes that the North American equity markets are on the verge of a stock market boom of major proportions. Company research indicates that equity prices have never been so low relative to real estate prices since 1920, which was the beginning of the last major stock market boom. Despite the apparent turmoil in the North American economies, Principal believes that the current wave of inflation we have experienced over the past ten years is about to ebb. The high rates of inflation in the United States and Canada have caused substantial devaluations of their currencies, making their products more competitive in world markets. High interest rates have temporarily slowed both economies. This will help to decrease the inflation rates and strengthen both dollars. Foreign investors find the North American democratic form of capitalism very attractive. They have been buying carefully into North American industry because stocks are undervalued in relation to their underlying assets. With diminishing inflation rates, a sustained recovery in the two currencies and a decline in interest rates, foreign investment should accelerate. A buying panic of stocks by foreign investors, pension funds, banks, investment funds and individuals is likely to occur over the next two years. Principal believes that the U.S. stock market could be two to three times its current levels in the early 1980's.

The short term uncertainties that have troubled the market appear to be abating. The transition period that Principal felt would occur during 1978 and early 1979 is unfolding on target. The company believes that real estate prices are high relative to the bargains available in the equity markets. Principal Group and its affiliated companies have sold over $20 million in corporate real estate over the last 2 years. These funds have been positioned to take advantage of the next upswing in the stock and bond markets.

Collective Mutual Fund Ltd. maintains an international posture with a strong position in the North American markets and additional positions in the other markets based on their relative value. Investments consist primarily of equities and convertible bonds in "blue-chip" companies.

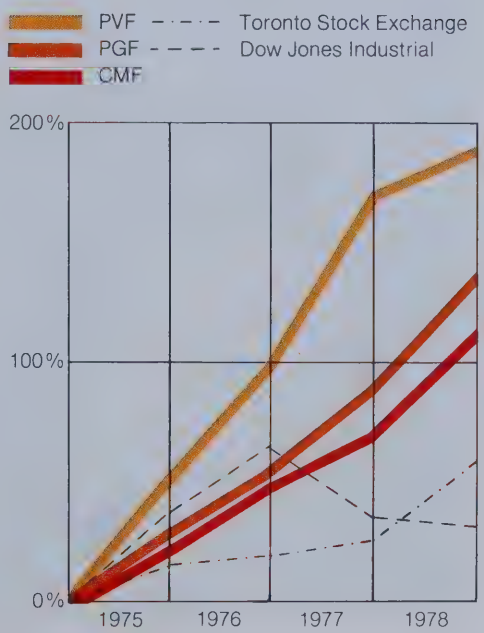
Principal Growth Fund is a unit trust of Principal Savings and Trust Company. The Fund stresses quality and junior growth situations. 90% of the portfolio is in Canadian investments, thereby qualifying for registered retirement savings plans and deferred profit sharing plans.

Principal Venture Fund Ltd. is an aggressive fund which stresses above-average capital appreciation. PVF's performance has consistently placed it in the top group of Canadian investment funds. Its major positions are in United States growth situations.

In 1979, Principal Bond Fund will be introduced. Its objectives are to invest primarily in government, corporate and some convertible bonds. With interest rates at all time highs, now is an ideal opportunity to purchase bonds through ownership of this fund.

In addition to the investment funds and corporate portfolios of Principal Group, Principal Securities Management Limited also manages large individual investment accounts.

**Investment Funds Performance**



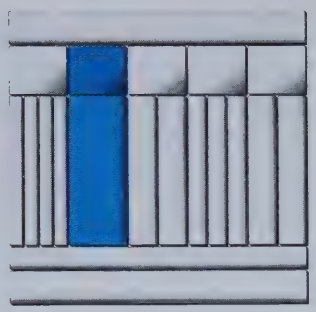
**Record volume on Wall Street**

**"Record stock market volume indicates massive potential."**

Historically, large volumes on the stock markets have preceded major market rises. The large volumes in New York last spring demonstrated huge domestic and foreign buying potential. Foreign investors will wait for signs that the North American currencies are stabilizing. When that happens there could be tremendous buying panics to pick up relatively cheap, blue chip stocks.

# Trust Services

*Principal Savings and Trust Company*



Principal Savings and Trust Company, a majority owned subsidiary of Principal Group Ltd., provides a complete range of trust and fiduciary services. These services include chequing, savings, guaranteed investment certificates, registered retirement savings plans (RRSP's), deferred profit sharing plans, Income Average Certificates and self administered RRSP's. Principal Trust also acts as the trustee for all of the Group's RRSP products, including Principal Growth and Bond Funds. Principal Savings and Trust is a member of the Canada Deposit Insurance Corporation. It is also a member of the Trust Company Institute of Canada and the Association of Alberta Trust Companies.

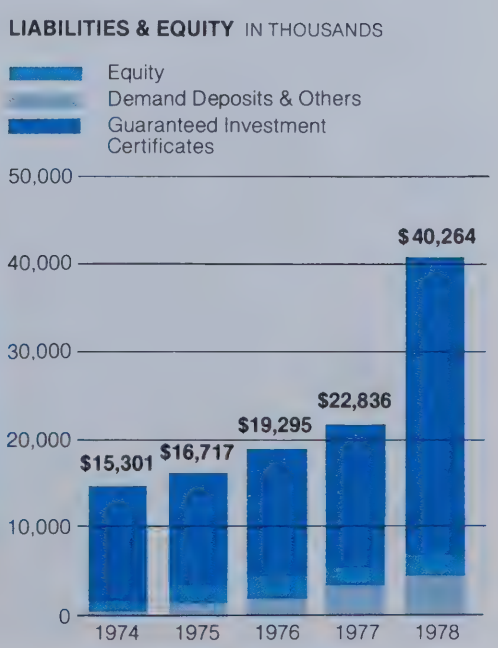
Principal Trust, under its new President, John M. Cormie, has completed the most successful year in its history. Total guaranteed assets of the Company grew from $22 million at December 31st, 1977 to $40.3 million at December 31st, 1978 — an increase of 80%. In addition, assets under administration totalled $34.1 million at December 31st, 1978. This rapid growth was accompanied by record net earnings of $275,000 in 1978.

The company's earning performance reflects a number of factors. First, the buoyant mortgage market in Alberta, the company's prime lending area. Second, the record high short-term rates available in the market. Third, the company's expansion of its equity and corporate convertible bond portfolios — investment areas which performed very well during 1978. In 1979 the company will also be placing investment emphasis on the Canadian bond market.

During the coming year, Principal Trust will increase its market penetration by opening Trust branches in Principal Financial Centres. This innovative marketing approach is designed to provide the Company's complete range of services to the public through well-selected retail locations. The pilot project in Edmonton has met with overwhelming consumer approval.

Principal Trust by operating in Principal Financial Centres will be able to operate a low-cost branch system. This ability to operate at costs greatly below industry norms is primarily due to the introduction of Principal Group's revolutionary on-line computer system, the GEAC 8000. This system provides financial control and information to head office on a daily basis. All branches will be linked, providing clients with multi-branch transaction services. The system will be expanded by late 1979 to include virtually all products offered by Principal Savings and Trust.

**Principal Savings and Trust Company**



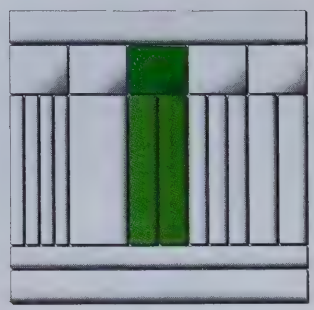
## Interest rates rise

**"High interest rates and low bond prices provide unique buying opportunities."**

Current high rates of returns in top quality debt instruments may not be seen again for many years. We anticipate declining interest rates and rising bond prices over the next year. When interest rates or inflation rates fall, the bond markets should react very favorably. Lower interest rates indicate a slower economy. This should result in lower inflation rates and thus, a stabilized currency. In turn, a stablized Canadian dollar, and lower interest and inflation rates should prove to be even more favorable for equities.

# Financial Consulting and Tax Planning Services

*Principal Consultants Ltd.*



Principal Consultants Ltd. (PCL) is a registered broker with a full force of 120 financial consultants in 20 offices across Canada. PCL is the distribution arm for most of Principal Group's products and services.

1978 was a real breakthrough year for Principal Consultants. The thrust of the company's marketing approach was focused on cash sales of single payment investments instead of the traditional accumulation savings plans upon which Principal Group was founded and developed. The objective of this strategy was two-fold. First to provide Principal's clients with an opportunity to obtain above average returns in high yielding certificates and high performing investment funds. Second was to provide principal member companies with the cash flow necessary to finance a major expansion of the group's distribution system.

The new strategy was a complete success. With the aid of a newly implemented national advertising program, single payment investment sales were 152% over 1977 levels. They represented 65% of total sales in 1978 compared to 28% in 1977. Total sales volume was $66.0 million, a 10% increase over 1977. With the tremendous record of Principal's investment funds,fund sales were $34.8 million, a 78% increase over 1977.

Principal Consultants is determined to expand rapidly to meet the increasing demand for Principal's products. As a first step towards reaching the objective of increasing the number of financial consultants to 300 by 1979 and 1,000 by 1983, Principal Consultants added a fourth sales area, Northlands, in 1978. Northlands will cover northern Alberta, northern Saskatchewan, the Northwest Territories and the Yukon. The Prairie Area will encompass southern Alberta and southern Saskatchewan. The Pacific and Atlantic Areas were not affected in this reorganization.

Late in 1978 Principal Consultants initiated a program to contract agents in rural areas to represent the company. These agents can offer Principal's products to customers who are not conveniently served by a Principal Financial Centre. The company plans to contract 100 rural agents in 1979.

The major thrust of Principal Consultants' sales force expansion is in conjunction with Principal Savings and Trust Company through the opening of Principal Financial Centres. To keep pace with the expansion program Principal Consultants is developing one of the finest training programs in the industry with the use of audio visual programs produced by Principal Group's own audio visual department. In addition to investment certificates and investment funds, new consultants are instructed in the complexities of RRSP's, deferred annuities, income averaging annuities, deferred profit sharing plans and tax planning. The initial training program is followed-up with thorough on-going supervision.

The Company's growth requires a continuous search for qualified individuals who understand and respect the needs of the investing public. Principal offers exceptional opportunities for new and highly motivated individuals. Each year Principal Consultants recognizes its top sales performers, through the President's Club and the Million Dollar Club. Members of these clubs are individuals who have demonstrated through sales and management capabilities that they are leaders in their industry. President's Club members are those who have exceeded Million Dollar Club standards by 50%.

### President's Club

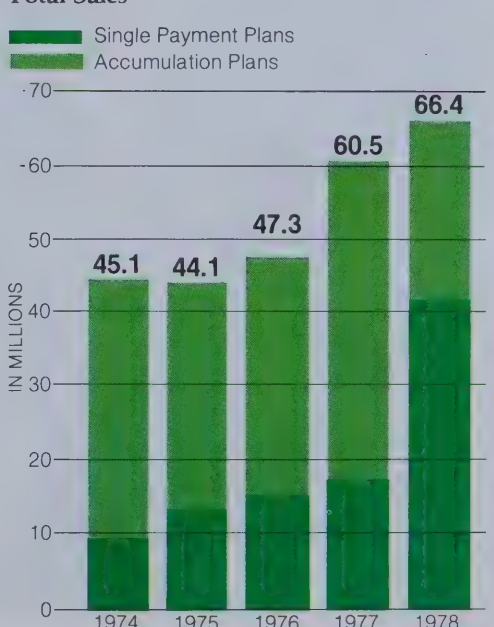
PRESIDENT:
Walter W. Green
*Calgary*

MEMBERS:
David A Adelman
*Calgary*
Urban H Badry
*Edmonton*
George B Hay
*Vancouver*
Robert F Keats
*Calgary*
Clifford G Likes
*Edmonton*
Murray A MacKay
*Sydney*
Jay Meyers
*New Westminster*
Wallace H Noble
*Calgary*
Donald A Slater
*Calgary*

### Million Dollar Club

MEMBERS:
Donald G Carruthers
*Kelowna*
Lawrence Cosman
*Halifax*
Martin E King
*Edmonton*
Norman J LeBlanc
*Moncton*
James Lindsay
*New Westminster*
James H Mead
*Vancouver*
Sidney Norris-Jones
*Victoria*
Derrill Allan Rausch
*Prince George*
Ross E Stewart
*New Westminster*
William A Wright
*Quesnel*

**Certificates & Investment Funds Total Sales**



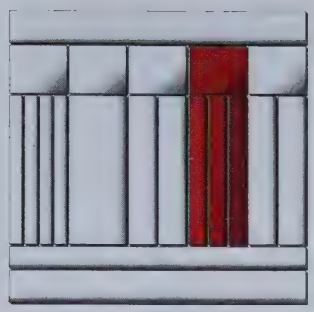
## Canadian dollar declines

**"The devalued dollar has re-established Canada's competitive position in the world marketplace."**

The 20% decline in the Canadian dollar has given Canadian industries a unique competitive position in world markets. Canada is now exporting both finished goods and natural resources at bargain prices to foreign buyers. As a result, domestic production is on the rise. The discounted dollar also provides unique buying opportunities for foreign and domestic investors in carefully selected Canadian stocks, bonds and other assets

# Investment Certificates and Thrift Services

*First Investors Corporation Ltd.*
*Associated Investors of Canada Ltd.*



First Investors Corporation Ltd. is an investment contract company which offers contractual savings plans, single payment investment certificates and annuities in six provinces in Canada. These products are distributed by the sales force of Principal Consultants Ltd. Founded in 1954, First Investors was the first company in the Group. The company holds assets in excess of 100% of demand liabilities with a Canadian Chartered Bank as custodian.

Associated Investors of Canada Ltd. is also an investment contract company and offers investment certificates and annuities in Alberta, British Columbia and Saskatchewan. Associated, the oldest company in the Group, was founded in 1948 and joined the Group in 1962.

Both companies shifted their emphasis to attracting funds into single payment certificates in 1978. This strategy is a change from the companies' traditional product offerings of accumulation savings plans. As of December 31, 1978, First Investors had increased its total certificate reserves over 1977 by 33% to $66.7 million. Single payment certificates reserves alone increased 62% to $40.4 million.

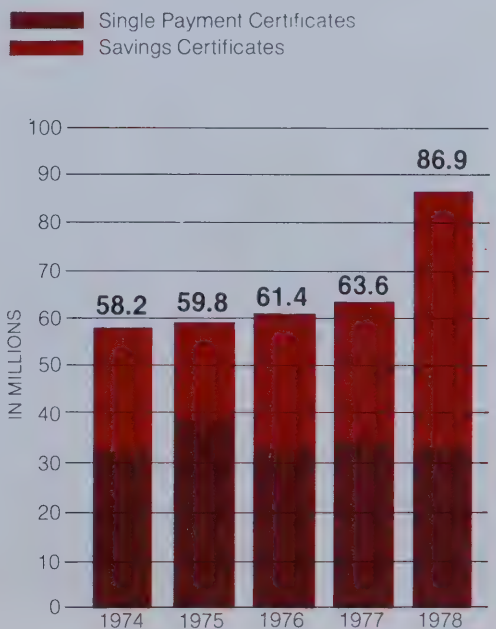
Total assets increased 15% over the previous year to $70.7 million. Investments in mortgages represents 47% of First Investors' total assets. With the rapid rise in the value of real estate, the mortgage portfolio offers sound protection for the Company's clients. Cash and marketable securities represent 51% of its total assets.

Associated Investors' assets increased 34% over 1977 to $22.9 million. The company maintains its certificate reserves and assets largely in the same proportions as First Investors.

During the 1970's management analyzed new trends taking place in the economy and as such re-aligned the companies' portfolios to take advantage of exceptional investment opportunities available in the market. By late 1977 both companies had adopted more dynamic common stock and bond portfolios based on the Group's sophisticated economic projections of a major market move in the next five years. All such investment positions qualify under the Canadian and British Insurance Companies Act. The net result is that both companies have a high degree of liquidity in non-mortgage investments in addition to well-positioned mortgage portfolios in terms of yield and value.

During 1978 First Investors Corporation Ltd. paid to its clients additional credits totalling $1,299,848 and Associated Investors of Canada Ltd. paid $330,456 in additional credits. First Investors and Associated Investors will continue to be dedicated to the objective of offering the most competitive products in the marketplace.

**Total Certificate Reserves FIC & AIC**



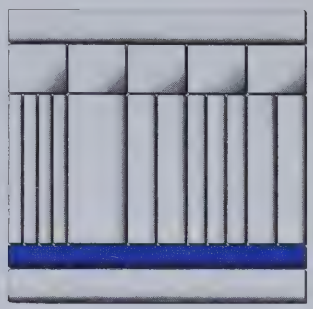
## European strong currencies

**"A currency that rises rapidly can be just as disruptive to an economy as a currency that falls rapidly."**

The Europeans are finding it more difficult to be competitive in world markets with their appreciated currencies. As the Europeans increase their purchase of low cost North American imports, their domestic production is adversely affected and the domestic production of Canada and the United States is enhanced. This process should eventually reverse the downward trend in the North American currencies. When the Europeans are confident of the reversal they could proceed to invest heavily in relatively low-priced North American equities.

# Management Services

*Principal Group Ltd.*



Principal Group is the parent of all companies in the Group. It does not provide management services directly to the public. Instead, the company provides expert management and data processing services for each member company.

To keep pace with the expansion program of the Group, the Board of Directors approved a corporate reorganization and subsequent new management appointments in June of 1978. Principal Group Ltd.'s basic structure now emphasizes the company's three broad areas of operations: deposits, finance and administration, and investments.

## DEPOSITS

In the reorganization the Company emphasized the need to create innovative programs to provide the Group's clients with the broadest possible range of financial services. Four separate departments were created to ensure that the company would achieve the breakthroughs required to make Principal Group one of the most creative financial marketing companies in Canada. These departments are: Sales, Trust Services, Marketing and Institutional Sales.

### Sales

The primary source of Principal Group's funds is through its highly qualified financial consultants. Ken Marlin, Senior Vice-President, Sales for Principal Group Ltd. and President of Principal Consultants Ltd., First Investors Corporation Ltd., and Associated Investors of Canada Ltd., directs the 120 member field force of financial consultants operating from 20 offices across Canada.

### Trust Services

The Trust Services department was established because of the company's desire to expand its retail marketing approach through Principal Savings and Trust Company, a majority owned subsidiary of Principal Group Ltd. Under the direction of John M. Cormie, Vice-President, Trust Services and President of Principal Savings and Trust Company, the Company plans to open six trust branches in Principal Financial Centres across Canada over the next two years.

Trust Services is also responsible for Principal Group's sophisticated audio-visual department. The audio-visual department has developed low cost techniques to produce high quality

**Trust Department** *(from left to right)*
John Cormie — *Vice President, Trust Services*
Heather Dewart — *Teller Supervisor*
Jack Gelber — *Executive Assistant, Trust Services*

**Sales Department** *(from left to right)*
Kenneth Marlin — *Senior Vice President, Sales*
Colin Presizniuk — *Executive Assistant, Sales*

training and sales programs. Its programs are used very effectively for training field and head office staff. Portable television units have been installed in field offices both as selling aids and training tools.

### Marketing

New marketing techniques were required to allow the company to switch the emphasis from its traditional product line of accumulation savings plans to single payment investments. In addition to developing marketing programs for all the Group's member companies, Marketing is also responsible for corporate advertising, product development, corporate communications, public relations and coordination of the opening of all new Principal Financial Centres.

With the emphasis of the sale of single payment investments, the company introduced with remarkable results extensive product advertising on a national basis. In 1978 sales volume of single payment investments increased 2.5 times. Much of that increase can be attributed to increased public awareness of the Group's high yielding certificates and excellent performing investment funds.

With the combined efforts of the marketing, legal, tax, administration and sales departments, the company is ready to introduce Principal Bond Fund, six new RRSP certificates and new annuity products. Principal Convertible Fund and other new investment funds are already on the drawing boards.

The activities of Sales and Trust Services will be complemented by a series of direct mail programs. These new programs will allow Principal's customers in areas not served by a Principal Financial Centre to purchase most of the Group's products by mail.

**Marketing Department** *(from left to right)*
Eric Espenberg — *Marketing Manager*
Maureen Hill — *Administrative Assistant*
John Hickey — *Vice President, Marketing*

**Audio Visual Department** *(from left to right)*
Howard Hohn — *Manager Audio Visual Department*
Robert Cormier — *Manager Northlands Area*

### Institutional Sales

In order to broaden the base of Principal's market segments Institutional Sales was created. This department will be responsible for developing new markets for the company's products among corporate and institutional investors. Institutional Sales will also offer highly competitive short and medium term notes and certificates through retail brokers across the country. In addition the department will seek out large accounts that require individual investment portfolio management.

## FINANCE & ADMINISTRATION

The Group's expansion program and the subsequent increase in transaction volumes in the past year has required a splitting of the former control department into two departments: Finance and Administration.

### Finance

The Finance department is responsible for providing timely information on all aspects of the Group's operations. Finance is also responsible for the development of the company's new computer and management information systems. Principal has selected the revolutionary, Canadian manufactured GEAC 8000, which has dual processors. It is one of the most cost-effective, on-line systems available to the Group. A pilot project for Principal Savings and Trust in 1978 has demonstrated the exceptional capabilities and flexibility of the system. The company expects to expand the system nation wide by late 1979.

The company's management information system will be significantly improved with the programming flexibility of the new computer. The objective for installing the system is to provide management with daily, even instantaneous, access to information required for decision-making in a complex financial environment. The GEAC 8000 will allow Principal to develop one of the most innovative information and telecommunications systems of any financial institution in the country.

### Administration

The Administration department is now responsible for processing the $180 million in the Group's business, providing over 100,000 client statements, over 30,000 tax receipts and the issuance of 10,000 certificates annually. Within Administration are the information services, application processing, certificate processing, customer service and payout departments. To comply with the astonishing array of corporate, government and tax requirements, additional automation will be even more of a necessity. The GEAC 8000 will provide Administration with the capability to process clients' applications directly from field offices on terminals connected to the dual processors in Edmonton. Deposits will be made by the regional offices. This procedure should cut down the time required to process funds and should contribute to improved cash management and profitability for the company. A new word processing system will triple the present capacity of Administration to issue certificates promptly to clients.

**Finance Department** *(from left to right)*
Les Grant — *Manager of Systems Development*
J Archie Campbell — *Vice President, Finance*
Ginnie Nicholson — *Controller*

**Administration Department**
Fran Ross — *Operations Supervisor (front left)*
William Pedersen — *Vice President, Administration (front right)*
Len Petersson — *Information Services Manager (back left)*
Maureen Eggertson — *Customer Relations Representative (back right)*

## INVESTMENTS

The Investment department is responsible for the Stock and Bond, and Mortgage departments. Under James M. Cormie, Vice-President, Investments, the department provides investment services for the company's seven corporate portfolios, three investment funds, and other large managed accounts through Principal Securities Management Limited, a wholly-owned subsidiary of Principal Group Ltd. Investment strategy is set by the Investment Committee which meets weekly to analyze economic trends, set policy and verify adherence to its policy.

With 25 years of experience in financial markets Investments has acquired particular expertise in analyzing economic cycles as they affect investment markets, forecasting market trends, composition of investments to match liabilities, and the maintenance of a profitable spread with a high degree of liquidity.

### Stocks and Bonds

Responsible for managing virtually all corporate and managed funds, the Stock & Bond department maintains a sophisticated communications and market analysis system to assist its

**Investment Department** *(from left to right)*
James Cormie — *Vice President, Investments*
Josef Schachter — *Manager, Equity Investments*
Robin McLean — *Manager, Fixed Income Investments*

portfolio managers in providing some of the best results in Canada. The department works with more than 50 investment houses across North America with direct lines to all the major financial centres.

The department has added a new and very elaborate computer service to its array of analytical tools. This system allows each portfolio manager and investment analyst to monitor prices and trends in over 4,000 stocks in Canada and the United States, with additional capabilities in international commodities, currencies and equities. A Hewlett Packard, HP-9845, allows the managers and analysts to collect, display and print-out the trends of stocks on 100-month, 100-week and 100 day cycles. Innovations such as this allow the company to provide some of the finest investment results in North America.

## Mortgages

The Mortgage department continues to maintain a large percentage of its investments in Alberta because of the buoyancy of the Province's economy. Principal Group also has a national investment program in which funds are invested in all provinces where the company has offices. The department has diversified its portfolio among residential, commercial and construction mortgages.

## Legal, Tax and Planning

The complexity of today's regulatory and tax environment in which financial companies must operate requires full-time attention to a multiplicity of legislative and regulatory changes. Very frequently the ink on a provision is barely dry before a new provision is enacted. The Legal and Tax departments ensure that the company is in full compliance with all regulations. These departments also ensure that the company capitalizes on every opportunity new provisions and laws permit. At weekly Product Committee meetings, members of the Sales, Marketing, Legal, Administration and Taxation departments review all known regulations on new and existing products to ensure that Principal Group maintains a competitive edge in its marketplace.

The Planning department assists the President's Office in plotting corporate strategy for the next five years in all aspects of the company's business.

**Legal Department** *(from left to right)*
Robert Langston — *Taxation Director*
Robert Kallir — *Legal Counsel*
Addy Smith — *Administrative Assistant*

**Mortgage Department** *(from left to right)*
Donald Warren — *Mortgage Officer*
Wayne Fuhr — *Manager, Mortgage Department*
Marg Kirby — *Collections Supervisor*

**Planning Department**
Christa Petracca — *Executive Assistant*

**Officers** *(from left to right)*
J Archibald Campbell — *Vice President, Finance*
* James M Cormie — *Vice President, Investments*
* Kenneth N Marlin — *Senior Vice President, Sales*
* Donald M Cormie, QC
— *Chairman of the Board and President*
* John M Cormie — *Vice President, Trust Services*
William R Pedersen — *Vice President, Administration*
John P Hickey, Jr — *Vice President, Marketing*
* Director

# Consolidated Balance Sheet

AS AT DECEMBER 31, 1978

(with prior year's figures for comparison)

| ASSETS | 1978 | 1977 |
|---|---|---|
| **Cash** | **$ 16,132,000** | $ 2,887,000 |
| **Securities (Note 2)** | **61,456,000** | 39,470,000 |
| **Mortgages and Secured Loans** | **63,762,000** | 59,848,000 |
| **Real Estate** | **663,000** | 1,757,000 |
| **Investment in Affiliates, Unconsolidated Subsidiaries and Funds** | **435,000** | 335,000 |
| **Due from Parent and Affiliated Companies** | **968,000** | 212,000 |
| **Accounts Receivable and Other Assets** | **2,087,000** | 1,310,000 |
| **Excess of Cost of Shares over Book Value of Net Assets of Consolidated Subsidiaries at Date of Acquisition** | **5,653,000** | 5,653,000 |
| **TOTAL** | **$151,156,000** | $111,472,000 |

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Director

Director

| LIABILITIES AND SHAREHOLDERS' EQUITY | 1978 | 1977 |
|---|---|---|
| **Certificate Liabilities:** | | |
| Instalment savings certificates | **$ 34,263,000** | $ 34,455,000 |
| Single payment certificates | **54,320,000** | 30,669,000 |
| Additional provision for maturities | **2,211,000** | 2,130,000 |
| Total certificate liabilities | **90,794,000** | 67,254,000 |
| **Other Liabilities:** | | |
| Guaranteed investment certificates and savings deposits | **38,629,000** | 21,615,000 |
| Bank indebtedness (Note 5) | **301,000** | 1,046,000 |
| Accounts payable and accrued charges | **3,140,000** | 8,329,000 |
| Income taxes | **798,000** | 245,000 |
| Notes and mortgages (Note 3) | **7,194,000** | 5,627,000 |
| Total other liabilities | **50,062,000** | 36,862,000 |
| **Deferred Income Taxes** | **553,000** | 262,000 |
| **Minority Interest** | **433,000** | 361,000 |
| **Shareholders' Equity:** | | |
| Share capital (Note 4) | **5,700,000** | 5,700,000 |
| Reserve for redemption of 1st preferred shares | **550,000** | 500,000 |
| General reserve | **—** | 100,000 |
| Retained earnings | **3,064,000** | 433,000 |
| Total shareholders' equity | **9,314,000** | 6,733,000 |
| **TOTAL** | **$151,156,000** | $111,472,000 |

# Consolidated Statement of Income

FOR THE YEAR ENDED DECEMBER 31, 1978

(with prior year's figures for comparison)

| | 1978 | 1977 |
|---|---|---|
| **Income:** | | |
| Investments | **$ 13,167,000** | $ 9,462,000 |
| Management and other fees | **1,489,000** | 1,097,000 |
| | **14,656,000** | 10,559,000 |
| **Expense:** | | |
| Interest | **7,649,000** | 6,074,000 |
| Operating | **4,052,000** | 3,304,000 |
| | **11,701,000** | 9,378,000 |
| **Operating Income** | **2,955,000** | 1,181,000 |
| **Gains (Losses) on Sale of Real Estate** | **2,593,000** | (384,000) |
| **Income before The Undernoted** | **5,548,000** | 797,000 |
| **Provision for Income Taxes** | **1,323,000** | 293,000 |
| **Minority Interest** | **75,000** | 11,000 |
| **Net Income** | **$ 4,150,000** | $ 493,000 |

# Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1978

(with prior year's figures for comparison)

| | 1978 | 1977 |
|---|---|---|
| **Balance at Beginning of The Year** | **$ 433,000** | $ 327,000 |
| **Add:** | | |
| Net income | **4,150,000** | 493,000 |
| Transfer from general reserve | **100,000** | — |
| | **4,683,000** | 820,000 |
| **Deduct:** | | |
| Dividends | **1,448,000** | 337,000 |
| Appropriation to reserve for redemption of first preferred shares | **50,000** | 50,000 |
| Special 15% tax on company surplus | **121,000** | — |
| Total deductions | **1,619,000** | 387,000 |
| **Balance at End of The Year** | **$ 3,064,000** | $ 433,000 |

The accompanying notes are an integral part of the financial statements.

# Consolidated Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1978

(with prior year's figures for comparison)

| | 1978 | 1977 |
|---|---|---|
| **Cash Funds Provided:** | | |
| Investment certificates | **$ 61,693,000** | $ 22,134,000 |
| Increase in savings deposits | **435,000** | 363,000 |
| Mutual fund certificates | **14,356,000** | 2,507,000 |
| Securities sold | **30,409,000** | 19,252,000 |
| Principal repayments on mortgages receivable | **13,103,000** | 15,171,000 |
| Sale of real estate | **4,200,000** | — |
| Investment income and fees | **9,396,000** | 8,525,000 |
| Promissory notes | **4,020,000** | 740,000 |
| Bank loan | **100,000** | — |
| Total | **137,712,000** | 68,692,000 |
| **Cash Funds Applied:** | | |
| Investment certificates | **26,166,000** | 21,576,000 |
| Mutual funds certificates | **13,585,000** | 2,337,000 |
| Securities purchased | **56,285,000** | 25,595,000 |
| Mortgages | **16,050,000** | 14,206,000 |
| Principal repayments on notes and mortgages payable | **1,834,000** | 576,000 |
| Operating expenses | **8,189,000** | 5,349,000 |
| Dividends | **1,448,000** | 337,000 |
| Equipment and other | **44,000** | 44,000 |
| Special 15% tax on company surplus | **121,000** | — |
| Total | **123,722,000** | 70,020,000 |
| **Increase (Decrease) in Cash Funds** | **13,990,000** | (1,328,000) |
| **Cash Less Bank Indebtedness at Beginning of The Year** | **1,841,000** | 3,169,000 |
| **Cash Less Bank Indebtedness at End of The Year** | **$ 15,831,000** | $ 1,841,000 |

The accompanying notes are an integral part of the financial statements.

# Notes to The Consolidated Financial Statements

DECEMBER 31, 1978

## 1. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, and include the following:

### Basis of consolidation

The consolidated financial statement include the accounts of the company and the following subsidiaries:

Associated Investors of Canada Ltd.
First Investors Corporation Ltd.
Principal Savings and Trust Company
Principal Life Insurance Company of Canada Ltd.
Principal Securities Management Ltd.
Principal Consultants Ltd.
Principal Service, Inc.
Mercer & Williams Agency Ltd.

The accounts of Collective Mutual Fund Ltd., Principal Venture Fund Ltd., Principal Growth Fund and Principal Bond Fund, mutual fund subsidiaries or trusts managed by the company, are not consolidated as the net income accrues to the mutual fund share or unit holders.

### Securities

The investment in stocks is carried at cost and in bonds at amortized cost. The amortized cost of government bonds is calculated under the 'deferral and amortization' method. The amortized cost of other bonds is calculated under the 'completed transaction' method. Bond discounts and premiums are amortized on the straight-line method over the term of the applicable bonds.

### Mortgages and secured loans

Mortgages and secured loans are carried at amortized cost plus accured interest, less repayments and provision for possible losses. Discounts and premiums are amortized on the sum-of-digits method over the due and payable term of the applicable loan.

### Other assets

The investment in affiliates is recorded at cost. The investment in unconsolidated subsidiaries and funds is recorded on the equity method. Accounts receivable and other assets are recorded at cost. The excess of cost of shares over book value of net assets of consolidated subsidiaries at date of acquisition, which was prior to 1974, is recorded at cost without amortization.

### Certificate liabilities

Certificate liabilities are carried at amounts paid in plus accrued interest less the amortized cost of expenses incurred to acquire the certificate contract. These costs are amortized under the yield method over the term of the certificate contract.

### Income taxes

Income taxes are accounted for using the tax allocation basis, under which income taxes are provided in the year transactions affect net income, regardless of when such transactions are recognized for tax purposes. Timing differences giving rise to deferred income taxes relate primarily to claiming mortgage and other reserves for income tax purposes in excess of those charged in the accounts.

## 2. SECURITIES:

The major categories of securities and related market value are as follows:

| | Cost | |
|---|---|---|
| | **1978** | 1977 |
| Government bonds | **$28,684,000** | $22,832,000 |
| Corporate bonds | **13,343,000** | 6,651,000 |
| Stocks | **18,332,000** | 9,326,000 |
| Accrued income | **1,097,000** | 661,000 |
| | **$61,456,000** | $39,470,000 |

| | Market Value | |
|---|---|---|
| | **1978** | 1977 |
| Government bonds | **$25,999,000** | $21,479,000 |
| Corporate bonds | **12,494,000** | 6,740,000 |
| Stocks | **17,249,000** | 9,313,000 |
| Accrued income | **1,097,000** | 661,000 |
| | **$56,839,000** | $38,193,000 |

## 3. NOTES AND MORTGAGES:

Notes and mortgages bear interest at rates ranging from 8½% to 13½% and mature 1979 to 1994. The aggregate amount of principal payments required to meet long-term debt obligations in each of the next five years is as follows:

| | |
|---|---|
| 1979 | $1,480,000 |
| 1980 | 745,000 |
| 1981 | 910,000 |
| 1982 | 1,065,000 |
| 1983 | 3,065,000 |

Interest for the year on the above amounts to $517,000 (1977 — $553,000).

## 4. SHARE CAPITAL:

Authorized:

200,000 7% cumulative first preferred shares of a par value of $25, redeemable at $26.75

200,000 non-cumulative redeemable second preferred shares of a par value of $25, issuable in series, Series 1 redeemable at $26.50

1,000,000 common voting shares

1,000,000 common Class A non-voting shares, both of no par value

Issued and fully paid:

| | | |
|---|---|---|
| 100,000 | 7% cumulative first preferred shares | $2,500,000 |
| 108,000 | 6% second preferred, Series 1 shares | 2,700,000 |
| 1,000,000 | common voting shares | 500,000 |
| | Total share capital | $5,700,000 |

5. OTHER:

The shares of Principal Life Insurance Company of Canada are pledged as security for intercompany debt eliminated on consolidation. Certain conditions exist with regard to the release of this security. The shares of Associated Investors of Canada Ltd. are pledged as security to bank indebtedness. The common shares of First Investors Corporation Ltd. are pledged as security to bank indebtedness of the parent company.

Included in operating expenses are management fees paid to parent and affiliated companies and remuneration paid to directors and senior officers of the company and its consolidated subsidiaries amounting to $987,000 (1977 — $961,000).

The company is contingently liable for notes issued of a face amount of $1,389,000 (1977 — $1,759,000) which were assumed by the parent company.

Certain of the 1977 figures have been reclassified to conform with the 1978 presentation.

# Auditors' Report

To the Shareholders of
Principal Group Ltd.:

We have examined the consolidated balance sheet of Principal Group Ltd. as at December 31, 1978 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statement present fairly the financial position of the company as at December 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells

Chartered Accountants

Edmonton, Alberta
April 25, 1979

# Principal Plaza

Principal Plaza is a major office and retail complex now under construction in downtown Edmonton. Scheduled to open September 1980, Principal Plaza will include a 31-storey, 482,000 square foot office tower, a 400 car parkade and three levels of retail shops and restaurants. Clad in bright aluminum and solar glass, the Principal Plaza tower will feature eight corner offices per floor.

Principal Group's corporate offices will be housed in the building. This will double the company's present head office space. Principal Savings and Trust Company and Principal Consultants Ltd. will occupy a 6800 square foot banking hall in prime space on the main floor. Tenants, clients and customers will have easy access from the landscaped plaza area at Jasper Avenue and 103rd Street, to the office tower lobby, the Principal Financial Centre, and escalators linking all levels of retail shops and services.

# Economic Environment

**The Province of Alberta and the City of Edmonton — Unique Centres for International Investment**

The westward shift in the Canadian economy continues to focus on Alberta as the West's economic and decision-making centre.

The Province of Alberta is a major growth area in the national economy. Alberta produces over 80% of Canada's oil supply, almost all of its natural gas supply, and contains huge, largely unexploited, coal reserves. As a result of the Province's energy supplies, a developing industrial base is being established. Initially such developments are taking the form of petroleum-related industries such as plastics, chemicals and fertilizers. The Province also enjoys a very successful agricultural industry in exportable grains and beef.

With substantial oil revenues to reduce its tax requirements, Alberta has no retail sales taxes, no gift taxes, no personal property taxes, no inheritance taxes, no estate taxes or succession duties. It has one of the lowest debt structures of any province or state on the North American continent. Alberta also has the lowest personal income tax rates and the lowest corporate tax rates in Canada. In addition, the Province of Alberta has developed an unusual policy among North American governments by setting aside substantial portions of its natural resources revenue in the Alberta Heritage Savings Trust Fund. The Fund, now over $4 billion and expected to increase by a billion dollars annually, is a collective form of savings and provides future generations of Albertans with a protective economic cushion.

The province has a long history of stable, progressive, free-enterprise governments. The regulatory environment in the province is highly conducive for the development of innovative programs for which Principal Group is noted.

As the capital of Alberta, Edmonton is in an excellent position to respond creatively to the dynamics of growth. This city of 550,000 is the educational centre of western Canada. Edmonton enjoys the same vitality in its recreational and cultural affairs as it does in its economic life. In 1978 the city hosted the XI Commonwealth Games. The Games not only enlivened Edmonton's sport and cultural life, but also left behind an excellent recreational and communication infrastructure.

The City is the key supply centre and transportation link between the largely undeveloped North and the rest of the continent. Major energy projects in the North must use Edmonton as their supply and logistics centre.

The combination of political stability, economic growth, and ability to work in the freely convertible Canadian dollar is attracting international capital. Japanese, German, Dutch and Italian sources of capital are particularly active in joining traditional American and British foreign capital sources.

With this environment, Principal Group Ltd. will continue to play an important role in the international financial industry.

## HEAD OFFICE

Principal Group Ltd.
1100 Cambridge Building
Edmonton, Alberta T5J 2S8
(403) 429-5361

## DIRECTORS

Donald M Cormie, QC
*Chairman of the Board*
Kenneth M Marlin
*Vice President*
John M Cormie
*Secretary-Treasurer*
James M Cormie

## OFFICERS

Donald M Cormie, QC
*President and Chief Executive Officer*
Kenneth M Marlin
*Senior Vice President — Sales*
John M Cormie
*Vice President — Trust Services*
James M Cormie
*Vice President — Investments*
J Archibald Campbell
*Vice President — Finance*
Donald R Cormie
*Vice President — Institutional Sales*
John P Hickey, Jr
*Vice President — Marketing*
William R Pedersen
*Vice President — Administration*

## ADMINISTRATION

William R Pedersen
*Vice-President*
Fran G Kerkhof
*Executive Secretary*
Doris Muhs
*Administrative Assistant*
Sally MacRae
*Clerk Typist*

### Information Services Department

Lennart P Peterson
*Manager*
Alex Babich
*Operations Supervisor*
Evelyn S Carmody
*Data Preparation Supervisor*
Brian Jardine
*Computer Operator*
Donna Stinner
*Key Punch Operator*

### Customer Service Department

Maureen P Eggertson
*Customer Service Representative*
Helen-Mary Hopkins
*Customer Service Representative*
Elizabeth M Travis
*Customer Service Representative*
Dolores Brewer
*Customer Service Representative*

### Pay-In Department

Joyce E Wallace
*Supervisor*
Catherine E Scott
*Accounts Clerk*
Janet A Bayers
*Accounts Clerk*
Shawn E Burton
*Accounts Clerk*
Linda D Pelletier
*Accounts Clerk*

### Pay-Out Department

Frances Ross
*Supervisor*
Leanne H Stead
*Accounts Clerk*
Naomi CI Bergstrom
*Accounts Clerk*
Maxine A Donald
*Accounts Clerk*

### Mail Room

Karen L Woodbridge
*Supervisor*
Dolores G Neiderhaus
*Clerk*
Lorrie S Wilson
*Clerk*
Wesley T Ripley
*Clerk*
Chris J Carmichael
*Clerk*

### Reception

Connie Smith

## FINANCE DEPARTMENT

J Archie Campbell
*Vice President*
Laurie-Ann B Kotylak
*Secretary*
Lilly Filewych
*Filing Assistant*

### Accounting Department

Ginnie S Nicholson
*Controller*
Christina A MacKintosh
*Senior Financial Statement Accountant*
Irene Pratt
*Assistant Controller*
Olga Loga
*Senior Accountant*
Donna Bates
*Payroll Accountant*
Valerie J Brotherton
General Accountant
Anne Cairns
*Trust Accountant*
Vern Chipiuk
*General Accountant*
Anne Dumbrille
*Securities and Mortgage Accountant*
Maureen A Kokolsky
*Head Office Teller*
Rita McCormick
*General Accountant*
Marilyn F Moore
*Trust Accountant*
Elaine Solotwinski
*Financial Statement Accountant*
Rita MC Tinant
*General Accountant*

### Systems Development Department

Les A Grant
*Systems Development Manager*
Rudi Rieder
*System Analyst*
Philip S Parsons
*Technical Programmer*
Raymond Egan
*Programmer*
Ian R Mackay
*Programmer*

## MARKETING DEPARTMENT

John P Hickey, Jr
*Vice President*
Eric Espenberg
*Marketing Manager*
Maureen D Hill
*Administrative Assistant*
Patricia Boscoe
*Printer*

## INSTITUTIONAL SALES

Donald R Cormie
*Vice President*

## LEGAL DEPARTMENT

Robert J Kallir
*Legal Counsel*
Addy N Smith
*Administrative Assistant*
Judy M Cruise
*Legal Assistant*

## TAXATION DEPARTMENT

Robert D Langston
*Taxation Director*
H Grace Swekla
*Taxation Assistant*

## TRUST SERVICES DEPARTMENT

John M Cormie
*Vice President*
Jack D Gelber
*Executive Assistant*
Edie Charlesworth
*Secretary*

### Pension Trust Department

Barbara L Sommerfelt

### Savings Department

Heather Dewart
*Senior Sales Officer*

### Audio-Visual Department

Howard F Hohn
*Manager*

## SALES DEPARTMENT

Kenneth N Marlin
*Senior Vice President*
Colin D Presizniuk
*Executive Assistant*
Audrey A Belter
*Executive Secretary*
Donna J French
*Secretary*

## INVESTMENT DEPARTMENT

James M Cormie
*Vice President*

### Stock and Bond Department

Josef I Schachter
*Manager — Stocks*
Robin D McLean
*Manager — Bonds*
B Colleen Macdonald
*Trading & Settlements*
Alex C Lee
*Analyst*
Gloria M Dekker
*Secretary*

### Mortgage Department

Wayne E Fuhr
*Manager*
Donald R Warren
*Mortgage Officer*
M Margaret Kirby
*Collections Supervisor*
Debbie E Olive
*Clerk*
Mary L Stevenson
*Clerk*

## PRESIDENT'S OFFICE

Rita M Cudmore
*Executive Assistant — Administration*
Christa U Petracca
*Executive Assistant — Planning*
Deborah A Lawson
*Secretary*

## MERCER AND WILLIAMS AGENCY LTD.

1250 Imperial Oil Building
Edmonton, Alberta
429-5361
H Roy Batten
*Manager*
R Gae Gray
*Customer Service*

## ATLANTIC AREA

James G Gilhooly
*Area Manager*
Ivy Langille
*Area Secretary*

### HALIFAX

7071 Bayers Road, Suite 269
Halifax, Nova Scotia B3L 2C2
(902) 453-2030
Lawrence Cosman
*Customer Relations Supervisor*
6166 Quinpool Road
Halifax, Nova Scotia B3L 1A3
(902) 429-2120
Arne W. Tjerno
*Manager*
6080 Young Street, Suite 107
Halifax, Nova Scotia B3K 5L2
(902) 454-5804
Sheila Manuel
*Manager*

### SYDNEY

110 Townsend Street
Second Floor
Sydney, Nova Scotia B1P 5E1
(902) 562-5561

### SAINT JOHN

102 Prince William Street
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Saint John, New Brunswick
E2L 2B3
(506) 642-7413
Bentley McLeod
*Manager*

### FREDERICTON

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(506) 455-4102

### ST. JOHN'S

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Level II
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(709) 726-0782
H Cyril Parsons
*Manager*

### CHARLOTTETOWN

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Box 2067
Charlottetown
Prince Edward Island
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Mel Price
*Manager*

### Account Executives

Bernard Butler-Gray
*Fredericton*
George Evans
*Fredericton*
Norman LeBlanc
*Moncton*
Percy Montrose
*Fredericton*
Lorne Richards
*Halifax*

## PACIFIC AREA

James H Mead
*Area Manager*
Faye Johansson

### VANCOUVER

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720 Sixth Street
New Westminster
British Columbia V3L 3C5
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### VICTORIA

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### NANAIMO

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Kelowna, British Columbia
V1Y 6N9
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### PRINCE GEORGE

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Prince George
British Columbia V2L 3G7
Derrill Rausch
*Account Executive*

### Account Executives

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Philip Chan
*Victoria*
Andy Falkenberg
*Prince George*
Roy Jeffrey
*Kelowna*
James Lindsay
*Vancouver*
Benjamin Maguire
*Kelowna*
A Jay Myers
*Vancouver*
Sid Norris-Jones
*Victoria*
Albert Peverell
*Vancouver*
Derrill Rausch
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Ross Stewart
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## NORTHLANDS AREA

Robert Cormier
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Judy Boekholt
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### EDMONTON

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Manny Buan
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Hans Pilz
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### SASKATOON

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Donald Parenteau
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### Account Executives

Glen Atchison
*Saskatoon*
Urban Badry
*Edmonton*
Ian Coates
*Edmonton*
George Driedger
*Saskatoon*
J Christopher Gay
*Edmonton*
Martin King
*Edmonton*
Cliff Likes
*Edmonton*

## PRAIRIE AREA

Wallace H Noble
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Wendy A Morrice
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### CALGARY

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Robert Keats
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### RED DEER

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Oliver Morris
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### MEDICINE HAT

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Garey Srubowich
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### MOOSE JAW

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### REGINA

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### Account Executives

David Adelman
*Calgary*
Norman Brown
*Regina*
Walter Green
*Calgary*
William Henderson
*Lethbridge*
John Rothwell
*Calgary*
Donald Slater
*Calgary*

PRINCIPAL

Oil rescues economy
European strong currencies
Tax change rockets French stocks
Major peace proposed
Unrest threatens world oil supplies
Opec increases oil prices
War closes Copper mines
Instability pushes gold to record levels
China opens door to West
Yen rises to new highs
Vietnam invades Cambodia – China threatens invasion
Government stalls resource development